

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Rembrandt Post Office
Rembrandt, Iowa

Docket No. A2012-35

ORDER AFFIRMING DETERMINATION

(Issued February 3, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012”.¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly, the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

The Postal Service's Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service's request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 25, 2011, Joleen J. Anderson filed a petition with the Commission seeking review of the Postal Service's Final Determination to close the Rembrandt, Iowa post office (Rembrandt post office).² Additional petitions for review were received from the City of Rembrandt and Jerri J. Haraldson.³ The Final Determination to close the Rembrandt, Iowa post office is affirmed.

II. PROCEDURAL HISTORY

On November 1, 2011, the Commission established Docket No. A2012-35 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁴

On November 9, 2011, the Postal Service filed the Administrative Record with the Commission.⁵ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁶

On January 3, 2012, the Public Representative filed a reply brief.⁷ None of the Petitioners filed participant statements.

² Petition for Review received from Joleen J. Anderson regarding the Rembrandt, Iowa post office 50576, October 25, 2011 (Anderson Petition).

³ Petition for Review received from the City of Rembrandt regarding the Rembrandt, Iowa post office 50576, October 25, 2011 (City Petition); Petition for Review received from Jerri J. Haraldson regarding the Rembrandt, Iowa post office 50576, October 25, 2011 (Haraldson Petition).

⁴ Order No. 941, Notice and Order Accepting Appeal and Establishing Procedural Schedule, November 1, 2011.

⁵ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 9, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Rembrandt, IA Post Office and Establish Service by Rural Route Service (Final Determination).

⁶ United States Postal Service Comments Regarding Appeal, December 19, 2011 (Postal Service Comments).

⁷ Public Representative Comments, January 3, 2012 (PR Comments).

III. BACKGROUND

The Rembrandt post office provides retail postal services and service to 77 post office box or general delivery customers and 104 delivery customers. Final Determination at 2. The Rembrandt post office, an EAS-11 level facility, provides retail service from 7:30 a.m. to 1:30 p.m. and 2:00 p.m. to 3:45 p.m., Monday through Friday, and 8:00 a.m. to 9:45 a.m. on Saturday. Lobby access hours are 24 hours daily, Monday through Saturday. *Id.*

The postmaster position became vacant on October 1, 2010 when the Rembrandt postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the post office. Retail transactions average 5 transactions daily (5 minutes of retail workload). Post office receipts for the last 3 years were \$21,423 in FY 2008; \$21,724 in FY 2009; and \$16,509 in FY 2010. There were two permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$40,470 annually. *Id.* at 7.

After the closure, retail services will be provided by the Sioux Rapids post office located approximately 6 miles away.⁸ *Id.* at 2. Delivery service will be provided by rural carrier service through the Sioux Rapids post office. The Sioux Rapids post office is an EAS-13 level post office, with retail hours of 8:30 to 11:00 a.m. and 12:00 p.m. to 4:00 p.m., Monday through Friday, and 9:30 to 10:30 a.m. on Saturday. There are 168 post office boxes available. *Id.* The Postal Service will continue to use the Rembrandt name and ZIP Code. *Id.* at 7, Concern No. 1.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Rembrandt post office. The City of Rembrandt questions whether the Postal Service correctly calculated the economic savings. City Petition at 1. The City also questions whether the rural carrier

⁸ MapQuest estimates the driving distance between the Rembrandt and Sioux Rapids post offices to be approximately 5.5 miles (7 minutes driving time).

can effectively provide service. *Id.* Petitioner Haraldson asks the Postal Service to consider other alternatives to manage its financial crisis. Haraldson Petition at 1. Specifically, at the community meeting, Petitioners suggested reducing hours the facility is open, eliminating Saturday service, and allowing one OIC to serve several post offices. Postal Service Comments at 10. Petitioner Anderson states that the Rembrandt Public Library, in addition to other businesses in town, requires a post office to do business. Anderson Petition at 1. Petitioner argues that the post office brings many customers to town to do postal business, and such customers then utilize the library. *Id.*

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Rembrandt post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Rembrandt community; and (3) the economic savings expected to result from discontinuing the Rembrandt post office. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Rembrandt post office should be affirmed. *Id.* at 12.

The Postal Service explains that its decision to close the Rembrandt post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- no projected population, residential, commercial, or business growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4. The Postal Service contends that it will continue to provide regular and effective postal services to the Rembrandt community when the Final Determination is implemented. *Id.* at 4-5.

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, the effect on the Rembrandt community, economic savings, and the effect on postal employees. *Id.* at 11.

The Postal Service responds to specific arguments expressed in the three Petitions. The Postal Service states that the economic savings it has projected, despite Petitioners' disagreement with those findings, has been calculated as required for discontinuance studies. *Id.* at 10. The Postal Service notes that rural carrier service will be available to the Rembrandt Public Library and that the postal needs of other Rembrandt business and organizations were considered in the Administrative Record. *Id.* at 7. Finally, the Postal Service responds to Petitioners' suggestions for alternative financial strategies, and states that the Postal Service is not required to evaluate and reject alternative proposals. *Id.* at 11. The Postal Service has broad experience with similar options, and in this case, has determined that rural carrier service, coupled with service at the Sioux Rapids post office, is a more effective solution than maintaining the Rembrandt postal facility and career position. *Id.* at 10-11.

Public Representative. The Public Representative concludes that the Postal Service has followed applicable procedures and that the decision to discontinue the Rembrandt post office is supported by substantial evidence. PR Comments at 1. The Public Representative states that the Postal Service's decision to discontinue the Rembrandt post office should be affirmed. *Id.*

The Public Representative does recommend that the Postal Service provide more information about hardship cases, such as how to apply for hardship status and where to obtain documents to begin the hardship qualification process. *Id.* at 2. The Public Representative recommends that the Postal Service provide more information about the closure process at the community meeting and specifically address all the

factors that are used in the determination to close a post office. Finally, the Public Representative suggests that the Postal Service more clearly explain to postal patrons how cost savings are calculated. *Id.*

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in providing notice of its intent to close. On April 4, 2011, the Postal Service distributed

questionnaires to customers regarding the possible change in service at the Rembrandt post office. Final Determination at 2. A total of 185 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 57 questionnaires were returned. On April 19, 2011, the Postal Service held a community meeting at the Rembrandt Fire Department to address customer concerns. Eighty-six (86) customers attended. *Id.*

The Postal Service posted the proposal to close the Rembrandt post office with an invitation for comments at the Rembrandt and Sioux Rapids post offices from June 24, 2011 through August 25, 2011. *Id.* The Final Determination was posted at the same two post offices from October 3, 2011 through November 4, 2011. Administrative Record, Item No. 49.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. Rembrandt, Iowa is an unincorporated community located in Buena Vista County, Iowa. Final Determination at 7. The community is administered politically by a Mayor and Council. Police protection is provided by the Buena Vista County Sheriff's Office. Fire protection is provided by the Rembrandt Fire Department. The community is comprised of retirees, commuters, the self-employed, and those who commute to work at nearby communities or who may work in local businesses. *Id.* Residents may travel to nearby communities for other supplies and

services. See *generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Rembrandt community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Rembrandt post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 2-6.

Petitioner Haraldson asserts that the Rembrandt post office is a "vital part of our small community." Haraldson Petition at 1. The Postal Service responds that it has addressed this concern about community identity by continuing the use of the Rembrandt post office name and ZIP code in addresses. Final Determination at 7; Postal Service Comments at 8-9.

Petitioner Anderson raises concern about the effect of the closure of the Rembrandt post office on businesses and community organizations such as the public library. Anderson Petition at 1. The Postal Service responds that the Administrative Record demonstrates the majority of residents will still patronize local businesses even if the Rembrandt post office is closed. Postal Service Comments at 9.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Rembrandt postmaster retired on October 1, 2010 and that an OIC has operated the Rembrandt post office since then. Final Determination at 7. It asserts that after the Final Determination is implemented, the non-career postmaster relief (PMR), temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. Final Determination at 7; see *a/so* Postal Service Comments at 2.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Rembrandt post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Rembrandt customers. Postal Service Comments at 5. It asserts that customers of the closed Rembrandt post office may obtain retail services at the Sioux Rapids post office located 6 miles away. Final Determination at 8. Delivery service will be provided by rural carrier through the Sioux Rapids post office. The Rembrandt post office box customers may obtain Post Office Box service at the Sioux Rapids post office, which has 168 boxes available. *Id.*

For customers choosing not to travel to the Sioux Rapids post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 5. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.* at 6.

The City of Rembrandt questions whether the rural carrier would have adequate space for the mail volume of Rembrandt residents and business customers. City Petition at 1. The Postal Service responds that it will adjust carrier service as necessary to accommodate increases in mailboxes and mileage. Postal Service Comments at 6. The City of Rembrandt also expresses concerns about the safety of debit and credit card information. City Petition at 1. The Postal Service responds that customers can conduct their postal business, using debit and credit cards, on a computer. Postal Service Comments at 7. The Postal Service adds that customers could also use flat-rate boxes where the price is predetermined. *Id.*

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$40,470. Final Determination at 7. It derives this figure by summing the following costs:

postmaster salary and benefits (\$44,279) and annual lease costs (\$5,500), minus the cost of replacement service (\$10,309). *Id.*

The City of Rembrandt contends that the Postal Service calculates the savings without taking into account the cost of cluster box units, their installation and maintenance costs, and the added expense for rural carrier service. City Petition at 1. The Postal Service notes that it arrived at the savings number by calculating the cost of delivery to an additional 77 boxes and adding 0.25 mile to the route. Postal Service Comments at 10.⁹

The Rembrandt post office postmaster retired on October 1, 2010. Final Determination at 2. The post office has since been staffed by a non-career OIC/PMR who, upon discontinuance of the post office may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. *See, e.g.*, Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Rembrandt post office has been staffed by an OIC for approximately one year, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Section 101(b) prohibits closing any small post office solely for operating at a deficit. Postal customers allege that the Postal Service is closing the Rembrandt post office solely for economic reasons. Final Determination at 4, Concern 13.

⁹ In its comments, the Postal Service notes that, although not raised by Petitioners on appeal, during the community meeting attendees suggested alternatives intended to reduce costs at the Rembrandt post office, *e.g.*, reduced operating hours and eliminating Saturday service. *Id.* at 10. The Postal Service responded to each of these suggestions. *See* Administrative Record, Item 25, Comments 5, 11, 12. Among other things, it concluded that its proposed service—carrier delivery, coupled with service at the Sioux Rapids post office—is more cost-effective than maintaining the Rembrandt post office and attendant career position. Postal Service Comments at 10.

To be sure, economics plays a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the Rembrandt post office (revenues declining and averaging only five retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 8.

The Postal Service did not violate the prohibition in section 101(b) on closing the Rembrandt post office solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Rembrandt post office is affirmed.

It is ordered:

The Postal Service's determination to close the Rembrandt, Iowa post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Rembrandt post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on October 1, 2010. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by

December 12, 2011 have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Rembrandt, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Finally, Rembrandt residents who attended the public meeting on April 19, 2011 requested alternatives to closure. Their recommendations were specific in nature, proposing service with fewer hours and/or days, and/or allowing an OIC to serve more than one post office. This is comparable to what the Postmaster General has described as an alternative that will be considered for post offices affected by the post-December 12th moratorium. It seems unfair, impractical, and non-strategic to omit the Rembrandt post office from being considered for an alternative that the Postal Service itself hopes to implement shortly.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The current lease does not terminate until December 16, 2016, and does not have a 30-day termination clause. The Postal Service should note that any savings from the lease will not be realized for at least four years.

In addition, the Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since October 2010, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

Furthermore, the Administrative Record indicates that along with the proposed Administrative post office, there are the Truesdale, Linn Grove, and Marathon post offices. Administrative Record, Item 4 at 1, 2. However, these three post offices are all being considered for discontinuance under the Retail Access Optimization Initiative (RAOI). The Postal Service should include within its discontinuance process a mechanism to ensure that due consideration is given to the impact on the community of the receiving administrative post office immediately being reviewed for discontinuance.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Rembrandt post office and should be remanded.

Nanci E. Langley